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TOWARDS THE ESTABLISHMENT OF PREFERENTIAL TRADE AREA FOR NORTH AFRICAN STATES* (PTA)

* This is a research-desk paper written on the basis of available information in the Secretariat, since mission to North Africa did not materialize in view of on-going heavy load-works.

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I. INTRODUCTION

1. As recommended by the third session of the Joint Conference of African Planners, Statisticians and Demographers in 1982, the ECA secretariat prepared a study that covered the agricultural and industrial sectors of three subregions in Africa: West, Central and East and Southern Africa. The North Africa was left for the reasons of the lack of a formal subregional organization. In pursuing these efforts of the study on sectoral planning within the subregional co-operation structures - this time focusing on transport and communications and trade and customs - it was felt necessary to incorporate also the North Africa, which just started considering the possibility of establishing a subregional preferential trade area, in order to cover the whole of Africa.

2. Unfortunately, missions which were planned to North Africa to collect data and materials for the study did not materialize in view of on-going heavy work load of the secretariat and also because the materials for the North African PTA had just began to emerge to warrant any abundant collection of materials and data. However, on the basis of the available information in the ECA secretariat, this brief information note was prepared, on a desk basis, just to show the tremendous efforts that are going on presently for the creation of a large subregional institution in North Africa which embraces all the countries of the subregion: Algeria, Egypt, Libya, Morocco, Sudan and Tunisia. But before doing so, it would be worthwhile to review the previous efforts made on the economic integration and to assess the economic bases and potentialities for a socio-economic co-operation within a larger subregional organization.

II. BACKGROUND ON ECONOMIC INTEGRATION IN NORTH AFRICA

3. The North African subregion, embracing Algeria, Egypt, Libya, Morocco, the Sudan and Tunisia, has a number of characteristics which distinguish it sharply from the other subregions of Africa. All the countries of the subregion are linked together by the Islam religion, which deeply influenced legal and social systems of the whole subregion. It has a large population size: 126.1 million (1986), more than the population size of the three countries of the Maghreb organization. It is mainly concentrated along the coast where most the arable land is found (thereby highest density and over population problems). However, unlike the other subregions, it contains only 4 per cent of the total arable land (thus facing acute food problems).

4. In spite of the efforts made since the early 1960s by the United Nations Economic Commission for Africa to organize economic co-operation between all the countries in the subregion, rival national interests thwarted this goal and the only serious attempt of co-operation which survived has been taken by the Maghreb countries comprise of Algeria, Morocco, Tunisia and Libya. Here again, the Maghreb integration was put into severe tests: the crisis between Algeria and Tunisia (1958-1963) and the three-week border war between Algeria and Morocco in 1963 over the Tindouf region with its extensive iron ore resources. At the end of the Algerian war, the Algerian government wanted to settle its internal problems and paid little attention to Tunisia's and Morocco's desire to move ahead fast into the Maghrebian integration 1/.

1/ See Sture Linner, Some Background Notes on Economic Integration Between the Maghreb States, April 1958-April 1970, UNDP, Tunis, 15 April 1970.

A. The Maghreb: Evolution and Obstacles

5. The above controversies and a number of unfortunate border disputes did not discourage the Economic Commission for Africa from supporting strongly the idea of closer economic co-operation between the Maghreb states. The Tangier subregional office was set up in October 1963. In 1964, the three Maghreb states (Algeria, Morocco and Tunisia) 2/ realizing that the development of their economies was constrained by narrow national markets, low domestic savings, competing North African exports and inadequate skills and resources signed in September 1964 a multinational "Protocol of Agreement" for the co-operation and harmonization of their economic activities. The core of this integration process was the industrial harmonization starting with mining and electrical energy but with implications for trade, tourism, transport and PTT, and manpower training and utilization. To implement this programme of co-operation, a coherent system of joint institutions was created:

(i) A Maghreb Council of Ministers,
(ii) A Maghreb Permanent Consultative Committee for the Maghreb (CPCM);
(iii) A secretariat of the CPCM,
(iv) A Center for Industrial Studies of the Maghreb (CEIM) in 1967;
(v) A number of specialized commissions and subcommissions (set up in 1965), covering industry, trade, transportation, postal services, telegraphs, and communications, tourism, statistics and national accounts; and
(vi) A Maghreb Permanent Consultative Committee on Education (CPCEM).

6. The specialized commissions and subcommissions established under the Standing Consultative Committee have made a large number of specific recommendations in the various fields, but most of these recommendations related to further study of the relevant subject or the setting up of new sub-committees or agencies and they were thwarted by the absence of thorough expert studies that might lead to concrete decisions at the level of the Conference of Ministers and towards economic integration. In other words, when the Maghreb negotiations reached a certain stage, they were blocked by the absence of the thorough studies 3/.

7. Nevertheless, some progress was achieved in a number of sectors. Generally speaking, the integration efforts were mainly directed towards the fields of transport and communications. In air transport, the technical maintenance services for aircraft was centralized in Algiers, the airline companies agreed to co-operate with respect to commercial representation abroad, to intensify air transport facilities within the Maghreb and to co-operate with respect to the purchase of long range airplanes. The creation of a Common Maghreb airline company (modelled on the Scandinavian SAS) was envisaged to link Casablanca, Algiers and Tunis. In railway transport, standardization was made and customs facilities at the borders improved. The agreement between Tunisia and Libya with respect to maritime transport was to be extended to

2/ The term "Maghreb" generally denotes the three countries and rarely refers to Libya which, between 1964 and 1970 committed itself to be an integral part of the Maghreb, but has never involved in the Maghreb integration despite common geographical and historic heritage with the others. It withdrew its membership from the Maghreb to join the Machrek.

3/ See UNECA "Economic Co-operation in North Africa" (E/CN:14/NA/ECOP.3), May 1966.

Algeria and Morocco too in order to create a common Maghreb maritime company. Policies with respect to telecommunications and postal services were harmonized to a great extent and the setting up of a common tourist bureau for the Maghreb was to be considered. But the essential tasks of production sectors - namely the iron and steel production - tended to be avoided, because too much of a national symbol and prestige value was involved. In other words, in the key sectors of the economy, there were parallel developments of a competitive rather than of a complementary nature 4/.

8. In the field of trade and customs, co-operation was mainly confined to a relatively large number of bilateral trade agreements between the Maghreb states and efforts were made to harmonize individual countries foreign trade policies vis-a-vis the others, particularly with respect to the subregion's four main agricultural products: olive oil, citrus, esparto gross and wine. In 1967, the system of economic co-ordination according to sector was abandoned in favour of a new system of more general co-ordination. The permanent Consultative Committee was enthrusted with the mission to to draw up a draft intergovernmental agreement covering a maximum transitional period of five years and which should include a list of products that will be freely traded within the Maghreb, and provide for the standardization of protective measures with respect to non-Maghreb countries. The possibility of co-ordinating the export policies and of presenting a common approach to the EEC was also considered. A Maghreb Bank was to be created as well as a multinational payment system.

9. Although it was envisaged in the Tunis Agreement of October 1964 to establish preferential trading arrangements between the Maghreb countries, for which purpose two lists had to be prepared, one of the products which could be traded freely, one of the products for which certain quotas would be determined; by 1967, it was clear that only a very few products would appear on such lists. The 1967 agreement of Tunis following the meeting of Ministers of Economic Affairs, with respect to trade liberalization was an agreement in principle, and the practical implications on inter-Maghrebian trade were of minor importance. The main problem is, that the trade concessions concern identical products for all countries, and therefore, instead of such common lists, concessions should be negotiated between the partner countries, so that each country would be in a position to grant trade concessions for products of its own choice. Thus, except for some co-ordination of activities in the services sector enumerated above, the Maghreb common market was much an ideal rather than a reality 5/.

B. Bases for a Large Subregional Grouping

10. None of the countries of North African subregion is land-locked and the geographical nearness to Europe gives the subregion a greater scope for the development of export activities than other African countries and less natural protection in the form of transport cost. The subregion is extremely rich in mineral resources: phosphates, oil, natural gas, iron and manganese ores, coal, lead, zinc, etc. The fact that many of these deposits are located near borders has been and still is, a source of sometimes serious frictions between the countries of the subregion.

4/ The only example of co-operation on production was the Alfa agreement on minimum prices and export quotas against the CEE countries.

5/ See Abderrahman Robana, The Prospects for an Economic Community in North Africa; Managing Economic Integration in the Maghreb States (New York, Preager Publishers, 1973), and F. Kahnert et.al., Economic Integration Among Developing Countries, OECD, Paris, 1969.

11. However, on the basis of available statistics, the six countries of the North African subregion represent a market of 126.1 million people in 1986, which extend over an area of 8 257 500 km2, giving a density of 15.3 inhabitants per km2. The average income per capita of US$ 1,098.6, giving a total GDP in the GDP of approximately US$ 138.5 billion at constant 1980 prices which is considerably higher than that of the other African subregions taken individually. Particularly Libya's GDP per capita (US$ 7,460.6) is relatively the highest in the whole of Africa, seconded by only Gabon (US$ 2,721.3) 6/. The existence of such a large market size can help promote the economic growth of the six North African countries by aiding in the realization of economies of scale in production, intensification of competition, stimulation of investment, and the reduction of a variety of uncertainty and risk factors.

12. There are immense benefits which could flour from a co-ordinated industrial develop development programme in North Africa. There would be great advantage if, for instance, Algeria were to supply electric power to its neighbours. This co-ordinated electric power policy could lead to savings of million US dollars in capital expenditures. A co-ordinated policy of mineral surveying and development and joint action between Algeria and Morocco, the co-ordination of phosphate fertilizers production in Algeria, Morocco and Tunisia by setting up one ammonia plant to serve the whole North African subregion and the co-ordination of production of iron and steel could lead to tremendous savings and lowering the investment costs of the main projects. There are also great possibilities of developing metal working, mechanical engineering, electrical engineering assembly work in all countries of North Africa, provided there is detailed dovetailing of production programmes. There are also interesting possibilities of developing petrochemical industries in Algeria which could serve not only in the North African subregion but also in other African countries and could indeed also compete in the world markets. There is also scope for one factory producing flat glass, pulp and paper, cement for the whole subregion and much scope for increasing production of a wide variety of textiles with a new to import substitution.

13. The structural elements of the national economies, characterized by economic and social dualism, show strong evidence of lack of cohesion among the parts of the whole subregion, indicating that more national integration efforts are needed to reduce the dichotomy between the North and the South with its peculiar economic disabilities. No one country has been able to be self-sufficient and none has a large enough national market to guarantee economies of scale enabling competititve production at world prices. Thus, the North African countries could pool together their factor endowments, natural and mineral resources endowments and adopt a more rational policy giving priority to import substitution for goods that could be produced under relatively more favourable conditions. Instead of aiming at the national self-sufficiency, each country could concentrate its efforts on specialization on a few processes of products and take advantage of cheap subregional materials, components and equipment. Theoretically, this international division of labour and specialization could end up having benefits to consumers by raising their purchasing power.

6/ See the main report (Table 1).

14. In the field of external trade, the rigidity of the production patterns of the North African countries leads to their high dependence on the external European market. Thus, the basic structure of both domestic production and foreign trade renders the growth and development of North African economies sensitive to changes in the external sector including instability in world market prices for their narrowed range exports. The rigidities arising from the narrowness of national markets are not linked solely to mineral exports, but also they affect their exports of agricultural and related products as well as exports produced by their protected infant capital goods industries. In addition, the trading partners of the North African countries, mainly the EEC countries are developing synthetic materials or close substitutes to replace some of the primary products traditionally exported by North African countries such as wool, esparto grass, olive oil, sponges and fresh fruits and vegetables.

15. The present economic relations of the majority of North African countries characterized by a predominance of bilateral trade agreements had still led to an insignificant level of intra-subregional trade as it can be seen from the Table 1 below. The total import of North African countries between themselves which amounted US$ 442.6 million in 1986 represent only 1.3 per cent of their total world imports; whereas the intra-PTA exports valued at US$ 397.2 billion in 1986 account only for 1.7 per cent. This performance is relatively very poor compared to other African subregion which average lies between 4 to 6 per cent 7/. Only Sudan has performed better, its exports towards the other North African countries represent about 25.7 per cent of its overall world exports. Tunisia and Algeria were the second and the third in terms of volume of intra-subregional exports but their percentage shares in total foreign exports were very slow. Alternatively, the intra-subregional imports of Egypt, Algeria and Tunisia were relatively high in terms of magnitude, but very low in terms of their percentage share in the total world imports. The annual variations are often very considerable, and no clear trend is discernible. This calls for the intensification and expansion of the intra-subregional trade through the ongoing efforts for the establishment of a North African preferential trade area (PTA).

III. TOWARDS THE CREATION OF PREFERENTIAL TRADE AREA (PTA)

A. Objective

16. The ECA Conference of Ministers held in April 1987 in Addis Ababa, Ethiopia, had, under the proposition of the delegates of North African countries, endorsed the resolution n° 2 of the Council of North African Plenipotentiaries which met in Tangiers, 27-28 March 1987, calling for the establishment of a preferential trade area (PTA) in North Africa as well as a compensation and payment system. It was felt in this resolution that there is a need for the North African countries to intensify and expand their trade exchanges that would develop their productive capacities and increase thier resources. This would allow them to confront the ongoing world crises and the various development constraints.

17. Such impetus of integration and economic co-operation in North Africa should aim at the systematic utilization of available resources with a view to establishing industrial complexes within the PTA framework. This will allow to reduce the economic dependence from the outside world and to strengthen the inter-state links in North Africa. The North Africa's huge natural and mineral resources potentialities combined

7/ See E/ECA/PSD.5/7/Add.1; E/ECA/PSD.5/7/Add.2; E/ECA/PSD.5/7/Add.3.

Table 1: Matrix of Intra-African Trade, 1983

(Millions of US dollars)

	Algeria		Egypt		Libya		Morocco		Sudan		Tunisia		Total	
	X	M	X	M	X	M	X	M	X	M	X	M	X	M
Algeria			3.40	1.00							90.1	72.2	93.50	73.2
Egypt	1.00	4.00			1.00		1.50	1.30	143.70	20.30	4.30	5.60	151.50	31.20
Libya			0.10	1.60			24.10	20.10					24.2	21.70
Morocco			1.90	0.60	18.00	27.00				0.10	7.40	17.10	27.30	44.80
Sudan			18.50	158.00								1.40	18.50	159.40
Tunisia	98.00	99.00	5.10	4.70	2.00	5.00	7.90	3.60	1.20				82.2	112.3
Total North African PTA Trade	97.00	103.00	29.00	165.90	21.00	32.00	33.50	25.00	144.90	20.40	101.80	96.30	397.20	442.6
As percentage of total PTA World Trade	0.8	1.2	0.8	1.4	0.3	0.7	1.4	0.8	25.7	1.6	8.1	3.4	1.7	1.3

Source: Compiled from IMF Direction of Trade Statistics yearbook 1987.

X = Exports

M = Imports

with the dynamism of its leaders may accelerate the development process and favorise the complementarity between the various priority sectors, in particular the agricultural and industrial sectors. The would-be treaty instituting the North African PTA must go beyond the simple liberalisation of trade to preconise the specialisation of the countries in the vital sectors of great concern to the North African community. This, of course, is to be done within the framework of national and collective self-reliance.

B. Meeting of Intergovernmental Group of Experts for the Treaty Negociation

18. The inaugural meeting of Intergovernmental Group of Experts for the Treaty negociation in view of the establishment of a Preferential Trade Area in North Africa was held in Tangiers, Morocco, from 9 to 11 December 1987. Were present, all the North Africa's member States of Tangiers-MULPOC: Algeria, Egypt, Libya, Morocco, Sudan and Tunisia; the UN system representatives (UNDP, UNCTAD) as well as the IGOs and the NGOs as observers (the Association of African Organizations for Trade Promotion, the Islamic Bank for Development, the Maghreb Center for Industrial Studies, the Islamic Centre for Trade Development and the Arab Institute for Employment).

19. The Intergovernmental negociation group of experts was enthrusted with the tasks:

(i) to undertake all the pertinent negociations and to establish a draft threaty instituting a Preferential Trade Area;
(ii) to elaborate Protocol agreements that would be submitted to the review and approval by the Council of Plenipotentiaries of member countries of North Africa; and
(iii) to submit any other propositions to the Council of Plenipotentiaries that would contribute to the creation of Preferential Trade Area (PTA) and a compensation and payment system as well as the establishment of other protocols and measures forming a first step towards the creation of the Economic Community of the Northern African States 8/.

20. This first inaugural meeting was devoted only to the consideration of its internal working rules and principles and the determination of its terms of reference. It was suggested that a comprehensive study on the subregional integration scheme be undertaken. This study would analyse past experiences in the fields of bilateral and multilateral co-operation and put much emphasis on the existing potentialities for the promotion of the integration and economic co-operation. This comprehensive study will be supplemented by the sectoral studies which would allow to determine the contents of the various protocols. A project document for the study should be submitted by ECA to the regional bureau of UNDP for funding. The next meeting of Intergovernmental Group of Experts for the Treaty Negociation will be held in Tangiers, Morocco from 24-28 October 1988.

C. Proposed Protocols to be Incorporated in the Treaty

21. The Intergovernmental Group of Experts for the Treaty Negociation has proposed the following protocols to be incorporated in the forthcoming Treaty instituing Preferential Trade Area for North Africa:

8/ See ECA/MULPOC/Tanger, "Rapport de la réunion inaugurale des experts de l'équipe intergouvernementale de négociation en vue de l'établissement d'une zone d'échange préférentiels en Afrique du Nord" (ECA/MULPOC/Tanger/PTA/4/Rev.1), Tanger, Maroc, 11 décembre 1987.

1. Protocol relating to the reduction and elimination of trade barriers;
2. Protocol relating to the Rules of Origin for community products;
3. Protocol relating to the simplification and harmonization of the trade documents and procedures;
4. Protocol relating to the compensation and payment arrangements;
5. Protocol relating to the transit and establishment conditions of the persons and the movement of goods and capital within the subregion;
6. Protocol relating to the exportation insurance;
7. Protocol relating to the co-operation in the field of agricultural development;
8. Protocol relating to the co-operation in the field of halieutic resources;
9. Protocol relating to the co-operation in the field of industrial development;
10. Protocol relating to the co-operation in the field of energy;
11. Protocol relating to transport and communications including maritime transport.

22. It was proposed that the studies realized within the framework of the preparation of the above protocols should take into consideration the existing studies made on bilateral and multilateral arrangements grounds in order to avoid overlapping.

D. Underlying Principles for the Creation of North African PTA

23. The resolution n° 2 of the Council of Plenipotentiaries of North African countries relating to the creation of a Preferential Trade Area for North Africa stipulates the following points:

1. The member States of North Africa agree, in principle, to create, step by step, a preferential trade area for all the countries of North Africa, as a first step towards the establishment of an effective common market and commit themselves to do so;

2. The respective member States agree to negociate between them a Treaty instituing a preferential trade area as well as the protocols which could be annexed and to rectify these documents in accordance with the constitutional procedures in application in the respective member States and, at this end, they will establish an intergovernmental working group of experts for negociation, composed of the representatives of the respective governments, which will prepare the draft treaty or protocols, with a view to submitting them to the review and approval by the Plenipotentiaries of the member countries;

3. The Treaty, to be established, should be subject to continuous review, in such a way that, within a ten-year period, one can examine the possibility of progressing the co-operation through the institution of a subregional common market that would allow to create, thereafter, an Economic Community of the North African States.

24. Consequently, the following principles should be adopted in order to eliminate the obstacles to the launching of the economic integration process in North Africa 9/:

9/ See ECA/MULPOC/Tanger: op.cit., pp 5-7.

(i) All the six states of North Africa (Algeria, Egypt, Libya, Morocco, Sudan and Tunisia) are members of the preferential trade area;

(ii) The member States agree to progressively reduce, with view to eliminating between them the custom duties and all other taxes having equivalent effect on the imports and exports of merchandises of all kinds produced within the North African area, during a time period to be determined which could be scheduled in several phases;

(iii) The member States should examine the dispositions to be taken in order to release and suppress the quantitative and administrative restrictions relating to the mutual trade exchanges;

(iv) The member States should agree to apply between them the clause of the most favorised nation. The obtention by a third party of the concessions at the more favorable conditions than the ones which are applied to member States should be avoided as possible. However, if for one reason or for the other, such concessions should be accorded, they (concessions) should be automatically extended to all the member States;

(v) The member States should endeavour to ensure a fair and equitable distribution of the benefits resulting from the expansion of their trade exchanges;

(vi) The member States should envisage to conclude appropriate arrangements relating to compensation, adjustment and offering development assistance to member States which are likely to be affected by the losses resulting from the application of the Treaty,

(vii) The member States should envisage to conclude appropriate payment agreements in view to facilitating the exchanges of goods and services between them,

(viii) The member States should promote direct contacts and regular exchanges of information between the national trade institutions, the organismes for the promotion of exports and commercialisation, the chambers of commerce, the trade and industrial associations, the economic operators, the centres for trade information and publicity;

(ix) The member States should endeavour to elaborate, progressively, a common trade policy vis-a-vis the third countries;

(x) The member States should envisage the creation of stock exchanges for agricultural and metal products in the subregion in order to promote the direct trade exchanges between them;

(xi) The member States should endeavour to harmonize, progressively, their policies in the fields of finance, in particular with regard to monetary and fiscal issues,

(xii) The member States should adopt the appropriate credit policies and encourage investments in the different countries of the subregion;

(xiii) The member States should institute an insurance system that guarantees exports;

(xiv) The member States should agree to reinforce the cohesion of the economic space of North Africa through the development of an appropriate transport system for industrialization and trade needs and through the development of their energy potential and the implementation of a programme for high tension line interconnections,

(xv) The member States should envisage to conclude subregional co-operation agreements in the fields of agricultural production, namely through the programmes of agronomic research susceptible to stimulate the agricultural productivity with a view to rendering the subregional agriculture competitive within the subregional context by the specialization of the national centres of agronomic research on the improved crops and plants for the main subregional crops and plants;

(xvi) The member States should envisage to conclude subregional co-operation agreements in the fields of halieutic research susceptible of stimulating the productivity of sea products, with a view to rendering the subregional fish production competitive within the Mediterranean context through the specialization of national research centres in the fields of fishery and aquaculture;

(xvii) The member States should conclude inter-state co-operation agreements in the fields of animal selection in order to improve the productive capacity of the existing races and increase the resistence of animals to various sicknesses;

(xviii) The member States should agree to reinforce their industrial structure through the development of certain strategic industries for the speeding up of their economic growth, reinforcement of the sub-sector of basic industries and the creation of the sub-sector of investment (capital) goods industries;

(xix) The member States should commit themselves to do all they can for the realisation of the preferential trade area and the expansion of subregional co-operation and integration.

E. Proposed Time-Table for the Establishment of North African PTA

25. The following working time-table was adopted by the Plenipotentiaries of the respective member States of North Africa:

Table 2: Programme of Meeting and Negociations

Date	Meetings and Negociations
24-27 October 1988	Review of sectoral studies in view of identifying the fields of co-operation and of gathering the necessary elements for the preparation of the Treaty and Protocols
19-24 March 1989	Elaboration and review of the draft Treaty instituing the preferential trade area
25-30 June 1989	Elaboration and review of the draft protocols
25-29 September 1989	Finalization of the Treaty and Protocols with the participation of legal councilers of the member countries
19-21 December 1989	Extraordinary Conference of Ministers of Trade, Finance and Plan in view to examining the draft Treaty and Protocols before their submission to the plenipotentiaries
March 1990	Meeting of Plenipotentiaries for the adoption of the Treaty and Protocols. This meeting will examine the Treaty, the Protocols and the reports of the Intergovernmental group of negociation and will determine place and date of a summit of Heads of State and Government during which the Treaty will be signed.

Source: ECA/MULPOC/Tanger, op.cit. Annex II.

IV. CONCLUSION

26. The road to economic co-operation and ultimate integration which was long and difficult to achieve for all the countries of North Africa is now under realisation. The momentum which was achieved during the meeting of Plenipotentiaries of North African countries in March 1987 and the subsequent meeting of the Intergovernmental Group of Experts for the Treaty negociation of last December 1987, not only emerged a reaffirmation of the will of the North African Governments to co-operate, but also set up a precise time-table of meetings on the technical levels which will thus initiate a dynamic process of discussion and negociation of the Treaty for the establishment of a preferential trade area for the North African subregion.

27. This idea of economic regrouping in order to accelerate the process of development, which is present in the minds of many responsible Africans, is not the first to be given a concrete form in North Africa. The most overwhelming demonstration of this common will to build up an entity of multiple affinities is the one that bound together the Maghreb as a whole, which fought shoulder to shoulder to liberate the member countries from colonial status but also from natural and economic obstacles, despite internal difficulties. The will to enlarge such a grouping to include all the countries of North Africa into a PTA is in accordance with the economic tendency of our time which shows that major groupings alone are viable and capable of satisfying the requirement of a wider internal market through industrialization, and facing external competition. It also meets the urgent geographical, linguistic and political needs which many generations ago awakened in the hearts of North African peoples the hope and will to build up an Economic Community of the North African states. This is a good and shining example of the common will which the forthcoming PTA cannot fail to provide in the community of African and Arab peoples, and beyond as well. These efforts towards economic co-operation will help build an economic whole and constitute an encouraging step on the way to establishing a subregional economic community which, together with other African subregional economic groupings, will coalesce tomorrow into the larger entity of an African Economic Community as recommended in the Lagos Plan of Action and the Final Act of Lagos.